

MEMORANDUM

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Department of Financial Services

Date: August 25, 2006
To: Honorable Mayor/Chairman and City Council/Agency Board
Through: Charles Lawson, City Manager, for Agency/Council Approval
From: Emma C. Karlen, Director of Financial Services *m ckarlen*
Subject: APPROVE FISCAL YEAR 2005-06 YEAR-END BUDGET ADJUSTMENTS

BACKGROUND: Finance staff is in the process of closing the City and Redevelopment Agency books for Fiscal Year 2005-06. To maintain conformity with the City's budgeting policies and to prepare for the annual external audit, year-end budget adjustments are necessary to address items that were not known at the time the FY 05-06 budget was developed.

All funds, departments, and project budgets have been reviewed to determine necessary adjustments. A summary of the various budget transfers and appropriations is included.

The overall fiscal impact of the budget adjustments is a net \$1,109,620 reduction to the fund balances of various funds, including \$817,300 to the fund balance of the General Fund. Necessary budget adjustments include the following categories:

Additional appropriations that do not impact fund balances:

- 1) Increase the Non Departmental-Street Fund operating budget in the amount of \$200,000 to provide funding for the cost sharing agreement with VTA for a study report to qualify for the State Transportation Improvement Project grant. This item was approved by the City Council in January 2006 but staff has omitted to request for a budget change form. Funding is available from traffic impact fee contributed by developers.

Additional budget appropriations that have impact to the fund balances:

- 1) Increase the operating budget of the Planning and Neighborhood Services Department in the amount of \$292,320 due to additional Housing Rehab loans approved and disbursed in FY 2005-06. Funding is available from the Housing and Community Development Loan Fund, which is fully reimbursable by CDBG.
- 2) Increase the operating budget of the Information Services Department (I/S) in the amount of \$50,250. In the FY 2005-06 operating budget, I/S expected that staff would begin work on several major CIP projects and be able to charge staff time to these projects. Due to timing delay of some of these projects such as the Public Access studio, Permit system and Main Street Reconstruction, I/S was unable to completely charged all the staff time as originally estimated, consequently the department expenditures exceeded budget by \$50,250. Funding is available from the General Fund.
- 3) Increase the operating budget of the Non-Departmental budget in the amount of \$767,050. In the FY 2005-06 operating budget, staff estimated there would be savings from attrition in

approximately \$1.7 million. This was part of the strategies to balance General Fund budget gap. At the end of FY 05-06, the savings from attrition amounted to approximately \$880,000. Other expenditures such as the self-funded dental insurance also exceeded budget by approximately \$220,000. The end result is that the non-departmental budget requires additional appropriation of \$767,050 in order to balance. Funding is available from the General Fund without using any previous years' reserves. Due to savings in other departments' budget and improved revenues, General Fund will close out FY 05-06 with a surplus.

FY 05-06 Year-End Budget Adjustments

	<u>Gen Fund</u>	<u>Non Gen Fund</u>	<u>Net Fiscal Impact</u>	<u>Sources</u>
Appropriate Revenue funds to				
1) The Non-Departmental Fund		(200,000)	(200,000)	(Traffic Impact Fees)
Additional Appropriations				
1) Information Services	50,250		50,250	(GF unreserved, undsgnt fund bal)
2) Non-Departmental	767,050		767,050	(GF unreserved, undsgnt fund bal)
3) Planning & Neighborhood Services		292,320	292,320	(HCD** fund balance)
4) Non-Departmental		200,000	200,000	(Street Fund)
To reimburse cost sharing with VTA				
Total	<u>817,300</u>	<u>292,320</u>	<u>1,109,620</u>	

Note:

* Housing & Community Development (HCD)

MEMORANDUM

Engineering Division



To: Charles Lawson, City Manager,
Emma Karlen, Finance Director

Through: Greg Armendariz, Public Works Director/City Engineer

From: Doug De Vries, Associate Engineer

Subject: Changes to the Proposed Capital Improvement Program Annual Report

Date: August 23, 2006

Capital Improvement Program – On June 6, 2006 the City Council approved the Proposed 2006-11 Capital Improvement Program Annual Report. The Engineering Division requests the following changes to the 2006-11 Capital Improvement Program. We propose these changes be incorporated into the Final 2006-11 Capital Improvement Program Annual Report:

1. CP 4133 Tasman Extension

This project is shown to be closed in the 06-07 Proposed Annual Report. Construction is complete, however the continuance of contracts for the landscaping is required. Staff recommends this project remain open until the completion of the contracts.

2. CP 5074 Berryessa Creek Trail

This project is shown to be closed in the 06-07 Proposed Annual Report. Construction on this project is complete. Settlement in the levees near the pedestrian bridge has created cracks in the pavement that will need retrofitting. Staff recommends this project remain open until the investigation and additional work is completed.

3. CP 4173 Audible Pedestrian Signal Installation

This project is shown to be closed in the 06-07 Proposed Annual Report. Work on this project remains to be completed with Final Billing expected in August. Staff recommends this project remain open until the final invoice is paid.

Cc: Greg Armendariz, Julie Waldron, Mirna McGaughey, Jane Corpus, Michael Boitnott

City of Milpitas, California

Budget # _____
Refer # _____**BUDGET CHANGE FORM**

Type of Change	From		To	
	Account	Amount	Account	Amount
Check one:	100-2940	\$817,300	100-1124111	\$50,250
<input checked="" type="checkbox"/> Budget Appropriation	250/1-3555	\$292,320	100-9104xxx	\$767,050
<input type="checkbox"/> Budget Transfer	310-3718	\$200,000	250/1-5524xxx	\$292,320
			310-9104237	\$200,000

Explain the reason for the budget change:

Finance staff is in the process of closing the City and Redevelopment Agency books for Fiscal Year 2005-06. To maintain conformity with the City's budgeting policies and to prepare for the annual external audit, year-end budget adjustments are necessary to address items that were not known at the time the FY 05-06 budget was developed.

All funds, department and project budgets have been reviewed to determine necessary adjustments. A summary of the various budget transfers and appropriations is included.

The overall fiscal impact of the budget adjustments is a net \$1,109,620 reduction to the fund balances of various funds, which includes \$817,300 reduction to the General Fund and \$292,320 to the Housing & Community Development (HCD) Fund. There are sufficient balances in these various funds to support the additional appropriations.

There are three projects that were specified to close at June 30, 2006 in the 2006-11 Capital Improvement Program annual report but they are now recommended to remain open as explained by the attached memo from Engineering. Construction is completed on all the projects but due to additional activities CP 4133 Tasman Extension, CP 5074 Berryessa Creek Trail and CP 4173 Audible Pedestrian Signal Installation need to remain open until completion of the additional work.

Approve the Fiscal Year 2005-06 year-end budget appropriations and transfers of \$1,109,620.

☒ Check if City Council Approval required.

Meeting Date: September 5, 2006

Itemization of funds, if needed:			Amount
Requested by:	Division Head:	Date:	
	Department Head:	Date:	
Reviewed by:	Finance Director: <i>m c Karl</i>	Date: <i>8/24/06</i>	
Approved by:	City Manager:	Date:	
Date approved by City Council, if required:		Confirmed by:	